

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NORTH MARSHALL WATER DISTRICT)	
)	
_____)	CASE NO.
)	90-252
INVESTIGATION INTO THE EXTENSION)	
OF DIRECT SERVICE TO THE CUSTOMERS)	
OF RONALD HINES)	

O R D E R

North Marshall Water District ("North Marshall") is a water district organized pursuant to the provisions of KRS Chapter 74 and is therefore a public utility subject to Commission jurisdiction. KRS 278.015.

The Commission is authorized to compel any utility to make any reasonable extension of its service facilities within its certificated scope or area of service. KRS 278.280. See also City of Bardstown v. Louisville Gas & Electric Co., Ky., 383 S.W.2d 918 (1964).

Commission Staff has submitted to the Commission an Unauthorized Utility Investigation Report dated January 4, 1990, attached hereto as Appendix A, which alleges that:

1. Ronald Hines owns and operates a small water distribution system in Marshall County, Kentucky, which serves approximately 10 customers.

2. This distribution system consists of a 2-inch master meter, approximately 5,200 feet of 2-inch water line, and approximately 300 feet of 1-inch water main.

3. This distribution system is located within the service area of North Marshall.

4. Mr. Hines purchases water for his distribution system from North Marshall for resale.

5. Mr. Hines constructed this distribution system after North Marshall refused his request that an existing water main be extended to provide his and other residences with water service.

6. Mr. Hines' distribution system should have been originally constructed as an extension of North Marshall's distribution system instead of a private water line.

7. Mr. Hines is willing to transfer ownership of his distribution system to North Marshall without compensation.

8. Provided it is permitted to deviate from Commission Regulation 807 KAR 5:066, Section 6(1), North Marshall's absorption of Mr. Hines' distribution system is feasible.

WHEREFORE, the Commission, on its own motion, HEREBY ORDERS that:

1. North Marshall shall appear before the Commission on October 10, 1990 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 2 in the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky, for the purpose of presenting evidence on its ability to absorb Mr. Hines' water distribution system and of showing cause, if any it can, why it should not be ordered to extend direct service to customers of that system.

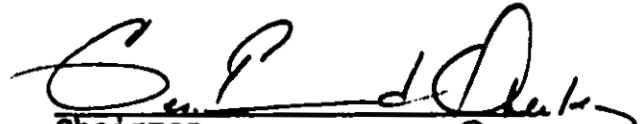
2. Within 21 days of the date of this Order, North Marshall shall respond in writing its position on extending direct water service to the persons presently served by Mr. Hines.

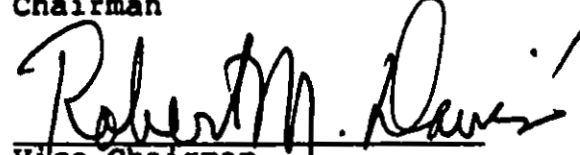
3. Notice of this proceeding shall be given to all persons presently served by Ron Hines. Any customer who wishes to testify at the hearing in this matter shall advise the Commission in writing within 21 days of the date of this Order.

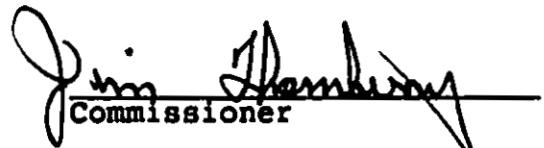
4. The Unauthorized Utility Investigation Report is made a part of the record of this case.

Done at Frankfort, Kentucky, this 17th day of September, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-252 DATED 9/17/90

Commonwealth of Kentucky
Public Service Commission

UNAUTHORIZED UTILITY INVESTIGATION REPORT

Ron Hines Water System
Marshall County, Kentucky

On December 14, 1989, an investigation was made of the Oakland Church Road area, Marshall County, Kentucky, as a result of correspondence from Ronald Hines. This investigation was in regard to the possibility of either Ron Hines Water System ("Hines Water") becoming a utility under the authority of the Public Service Commission or having North Marshall Water District ("North Marshall") take over the operation and maintenance of Hines Water. This investigation was conducted by K. Michael Newton of the Commission staff with information provided by Ron Hines and Larry C. Brannon, general manager of North Marshall.

Investigation

Commission staff talked to Ron Hines about this water system. Ron Hines states that ten (10) years ago he was building his home on Oakland Church Road. He drilled for water but was unable to find an aquifer. He approached North Marshall about constructing a water main down Oakland Church Road to his home. North Marshall had an existing water main down US 68. Ron Hines states North Marshall could not run the water main but would be willing to sell him water via 2-inch master meter. While Ron Hines was getting easements for the water main on Oakland Church Road, he discovered

that several other neighbors were interested in obtaining water service. Each neighbor contributed \$567 toward the construction of this water main. Currently Hines Water has 10 customers.

Hines Water purchases approximately 68,500 gallons from North Marshall each month. The average water pressure for the distribution system is 45 psig. The system consists of a 2-inch master meter and about 5,200 feet of 2-inch P.V.C. and 300 feet of 1-inch P.V.C. water main. There is no blow-off valve at the dead end of this water main. Each customer is individually metered and billed every other month. Each customer is billed \$10 for the first 4,000 gallons and 2 cents per gallon afterwards. Ron Hines reads the water meters himself.

Ron Hines states that no written water bills are sent the customers. He calculates from both North Marshall's water bill and the customers meter readings on how much each customer owes. Ron Hines then goes around and tells each customer what their bill is and collects at the same time. Ron Hines goes on to say that all money collected goes toward the North Marshall water bill. Ron Hines states he does not collect any salary nor does anyone else affiliated with the company. He does not keep a separate bank account on customers' payments. Hines Water is billed through North Marshall to Ron Hines.

Ron Hines is not a certified distribution operator as required by the Natural Resources and Environmental Protection Cabinet's Division of Water. In addition, he has never taken or submitted water samples to the Division of Water for testing.

On August 10, 1989, Ron Hines wrote a letter to the Public Service Commission in reference to this water system. His letter states that he would like North Marshall to take over the operation of this water system. He goes on to say North Marshall should have had the responsibility for this water main from the beginning.

North Marshall is aware of the situation that Ron Hines would like them to take over operation and maintenance of Hines Water. Larry Brannon indicated North Marshall would react favorably to a take over if Hines Water mains were upgraded to meet Commission's standards. The 2-inch water main has been extended beyond the distance allowed by Commission regulations plus a portion of the water main is located in the center of Oakland Church Road making access difficult.

A map showing the location of Hines Water and North Marshall's distribution water mains are included in this report.


Conclusions

This investigation by a staff member of the PSC's division of engineering concludes that Hines Water should have originally been constructed as an extension of North Marshall's distribution system instead of a private water line.

Hines Water is constructed with distribution pipe smaller than that allowed by current PSC regulations. However the Commission has ruled in past cases that if a utility can adequately maintain consumption levels at a specified pressure in compliance with Section 6(1) of 807 KAR 5:066, a deviation may be granted to use this water main. North Marshall was granted a similar deviation as this in Case No. 89-152 on July 12, 1989.

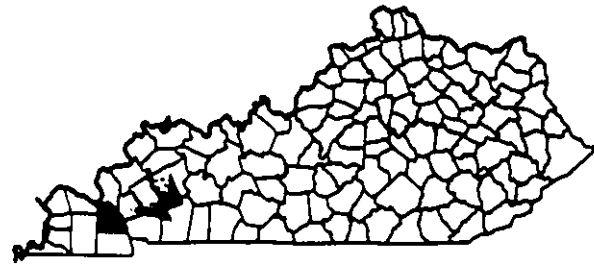
If the Commission determines that Hines Water is a utility then it will be responsible for complying with Commission regulations.

Submitted,
January 4, 1990

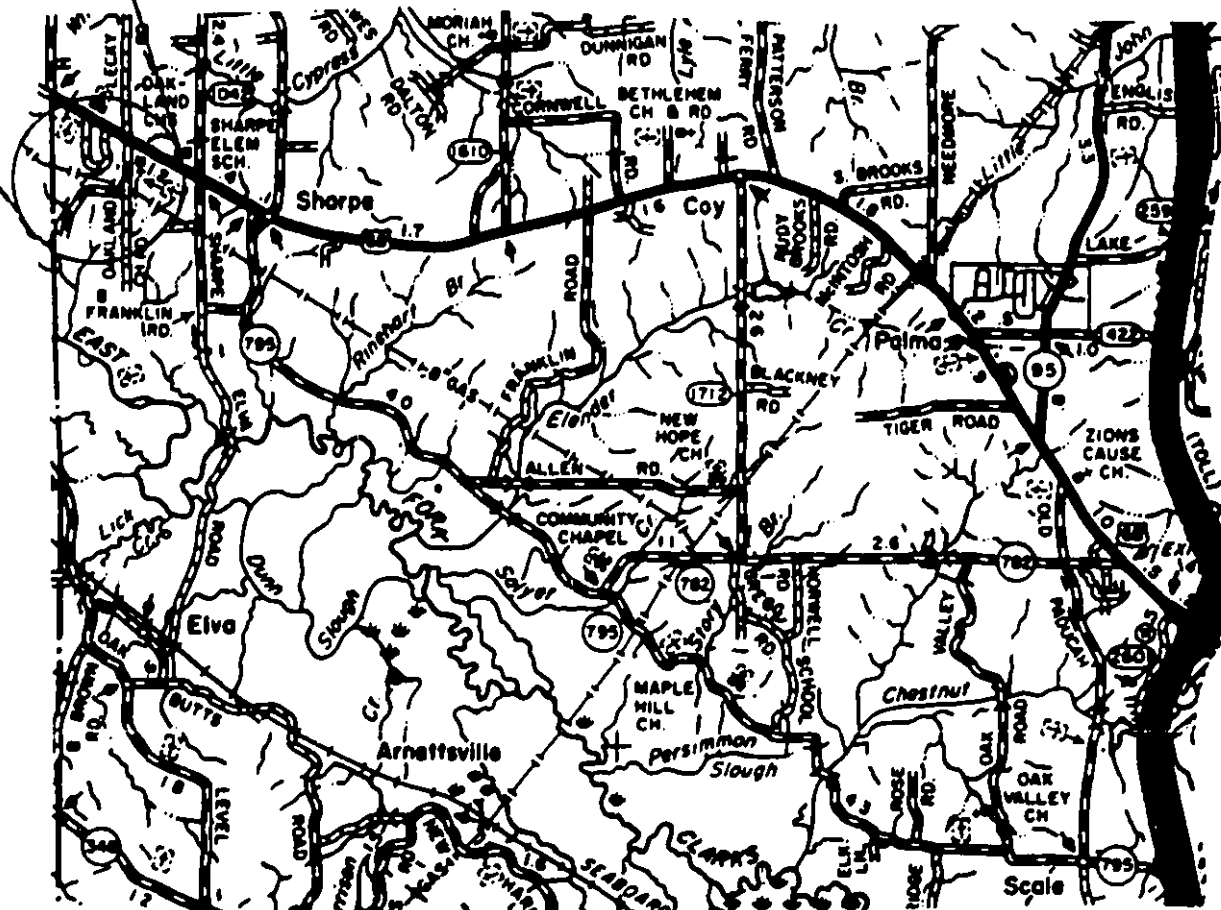
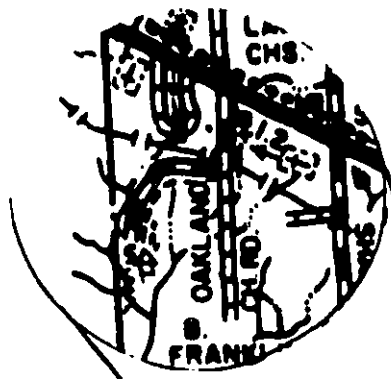


K. Michael Newton
Utility Investigator

Marshall County



- RONALD HINES HOME
 ~ ~ ~ ~ ~ 1" P.V.C. WATERLINE (HINES WATER)
 - - - - - 2" P.V.C. WATERLINE (HINES WATER)
 o o o o o o o 6" P.V.C. WATERLINE (NORTH MARSHALL)
~~-----~~ 4" P.V.C. WATERLINE (NORTH MARSHALL)



Service ID: 000000021715 Current Customer: 20330 RONALD HINES'

>>> Average Consumption 533 <<<

Month	Current Year		1 Year Ago		2 Years Ago	
	Days	Usage	Days	Usage	Days	Usage
JAN	0	0	0	0	0	0
FEB	63	1,592	53	883	62	945
MAR	0	0	0	0	0	0
APR	56	2,394	63	1,336	59	1,185
MAY	0	0	0	0	0	0
JUN	63	1,294	63	1,139	61	1,050
JUL	0	0	0	0	0	0
AUG	63	1,576	56	895	61	2,244
SEP	0	0	0	0	0	0
OCT	56	1,376	63	1,218	63	2,326
NOV	0	0	0	0	0	0
DEC	0	0	63	926	59	902
TOT	301	8,232	361	6,397	365	8,652

68,474.00

Harry C. Blanner
John Mgr.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
710 SCHENCKE LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-1940

FILED

AUG 14 1989

PUBLIC SERVICE
COMMISSION

August 4, 1989

RECEIVED

AUG 15 1989

GENERAL COUNSEL

Mr. Ron Hines
Route 1
Oakland Methodist Church Road
Calvert City, Kentucky 42029

Dear Mr. Hines:

The Kentucky Public Service Commission has opened an inquiry regarding the status of the Ron Hines Water Company. According to our preliminary information, we understand you are conducting an individual billing service for a number of residents receiving water supplied by the North Marshall Water District.

Kentucky Revised Statute 278.010 defines a public utility in part as "any person except a city, who owns, controls or operates or manages any facility used or to be used for or in connection with (d) the diverting, developing, pumping, impounding, distributing or furnishing of water to or for the public, for compensation".

The Commission regulates all public utilities defined under this statute. The regulation covers the rates and charges, service offerings and conditions, construction and financing. In addition, the utilities are required to maintain their financial records in accordance with a Uniform System of Accounts.

Please advise us, as soon as possible but not later than Wednesday, August 16, 1989, of the nature of your operation in this regard, with emphasis on the areas served, number of customers involved and your computation of rates charged.

Your cooperation in this matter will be appreciated.

Sincerely,

Forest M. Skaggs

Forest M. Skaggs
Executive Director

*54
H. Hines
10-11-89*

FILED

AUG 14 1989

PUBLIC SERVICE
COMMISSION

August 10, 1937

Dear Mr. Skaggs,

In regard to your letter on August 4, 1989, let me first say, there is no Hines Water Company. One of the residents on the water line came up with that name and started making his checks out in that name, so that's how I had to sign them as required by the bank. Let me start at the beginning as to how this "water system" came about.

In years ago when I was building my house, along with my sister next door, we tried for a well first, but had no luck, so I decided to inquire about North Marshall Water. The water company told me they could not run the line but if I wanted to pay for it myself and run it, I could. While getting easements several residents were also interested in having the water so we all "chipped" in and ran the line. The water company said there would be a main meter at the end of the road and each resident would have their own meters. They said they would only read the main meter and someone else would be responsible for reading the individual meters.

was the one building the house, the main meter was put in my name, by no choice of mine, and I was made responsible for reading the individual meters.

The line runs approximately one mile off Highway 68 on the Oakland Church Road. There are ten meters of which one is mine, one is turned off, and one I furnish water to personally because he helps maintain the line if there is a problem.

Several of the residents on the line are family members.

The line was installed by the water company's specifications and materials were brought through them. They first told me they would pay the difference between a two inch line and a four inch line if I would pay for the two inch, but when it actually came down to doing it they said they didn't have the money. I have been to several board meetings trying to get them to take it over because it has been nothing but a headache for me for the ten years it has been installed. After several meetings they finally told me they actually weren't supposed to have let me install a line in this manner but the line was mine and they had nothing to

reading the main meter and collecting for it.
I have since found out that I am not the
only one with a line run in this manner.

As for compensation, I figure each resident's
consumption by the same rates as the water
company. All I am concerned with is getting
the bill paid and each resident is responsible
for his share of that bill. As I said before
the meter is in my name, so I have to pay
the bill whether everybody pays me or not.

All I can do is read the meters and figure
how much each resident owes according to
gallons used. I have to go by what the
meter reads, that's all I can do. I do the
best I can with the situation. I don't like
having to be responsible for all of it and I've
told this resident that's doing all the
complaining I would gladly put it in his name
and let him take care of it, but he says
absolutely not.

If you could assist me in getting the
water company to take over this line I
would be most appreciative. When I get
my bill, I have to go read each meter,
come back home and figure each resident's
consumption, go back and tell them what they
owe, and then hope they pay me or I
pay the big bill. As I said before, I have

pay me or not, and I usually have to
ask two or three times before I get the
money from some of them, and usually I
have to go get it. They don't bring it to
me or even mail it, like they would have
to if the water company billed them. Nothing
would please me more than if they would
take it over.

If any further information is needed please
contact me. Again I ask you for any help
you could give me in getting the water
company to take this line over. I am
sorry for any trouble this has caused you.

Sincerely,
Arnold Hines